Principles of Politics

A Rational Choice Theory Guide to Politics and Social Justice

Modern rational choice and social justice theories allow scholars to develop new understandings of the foundations and general patterns of politics and political behavior. In this book, Joe Oppenheimer enumerates and justifies the empirical and moral generalizations commonly derived from these theories. In developing these arguments, Oppenheimer gives students a foundational basis of both formal theory, and theories of social justice, and their related experimental literatures. He uses empirical findings to evaluate the validity of the claims. This basic survey of the findings of public choice theory for political scientists covers the problems of collective action, institutional structures, citizen well-being and social welfare, regime change, and political leadership. *Principles of Politics* highlights what is universal to all of politics and examines both the empirical problems of political behavior and the normative conundrums of social justice.

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Abstract

People have claimed to understand the empirical and moral principles of politics for thousands of years. These assertions have never escaped contention. This book is about some of the empirical and moral generalizations arrived at with the tools that comprise what might be called the new political science. The book deals with the findings directly. It also explores how one justifies such claims. It reveals how the quality of the justification helps to determine the quality of the claims. The foundations used to develop the arguments, or justifications, are those of rational choice and social justice theories. But one usually needs more than reason to establish (or, for that matter, to disestablish) claims of knowledge about politics. Empirical findings, especially those gleaned from careful laboratory experiments, are introduced to help the reader evaluate the validity of the claims. The principles discussed improve our understanding of concepts such as social welfare, collective action, altruism, distributive justice, group interest, democratic performance, and more. The methods employed help us understand what is universal to all of politics. This volume zeros in on these universals with an eye to both the empirical problems and the normative conundrums of politics.

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Preface

Politics is the subject of this volume. We can think of politics as those activities and behaviors associated with a group reaching "collective decisions" and with individuals undertaking "collective actions." The true origin of politics may never be established. Some might believe it comes from our having fallen from grace by eating the forbidden fruit in the Garden of Eden. My perspective leads to more empirical responses. Politics arises because groups of people have to do things together to achieve shared goals such as building a bridge or, under some circumstances, even survival. There are things that we cannot achieve when we remain "unorganized." This is especially so when groups of individuals share a desire for something costly that they would accomplish as a group. Examples abound but include such things as roads, environmental protection, and law and order. In the social sciences these are known as "public goods."

To accomplish the objectives of securing public goods, leaders are selected and rewarded, taxes are collected, and political competition arises. Often, however, these are the very activities that get in the way and actually *prevent* groups from getting things done in their own interest. This volume explains why these sorts of contradictions occur: why politics is necessary, but so often dysfunctional. Indeed, politics is often so nasty that some people become anarchists and argue that politics can't possibly be justified by the welfare needs of the group members.

For most of recorded history it was held that citizens were to support the welfare of the rulers. In this book such an ethical justification of politics and its hierarchies is reversed (as it has been by most political theorists since Thomas Hobbes' *Leviathan*, 1651). Democracies are predicated on

the notion that the political is justified by the welfare of the citizens. This is asserted and enshrined in the Declaration of Independence. It claims that "all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness." Then politics, or more specifically government, is asserted to be related to these rights, which include happiness: "That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

One concern of this volume is to identify and explain the empirical and normative principles implied by this simple perspective on politics. By themselves, such normative principles aren't a call to action. In medicine, it is not enough to say we want people to be healthy. We must understand disease. To control flooding rivers, we must understand hydraulics. To design political institutions that support the welfare of individuals, we must understand how individuals behave and how institutions work: we must understand the patterns that are inherent in politics. So the second, and indeed, primary, aim of this book is to give the reader an understanding of, and that means an explanation for, the deep patterns of politics. To illustrate, these include the universal emergence of monopolistic governments, the omnipresent wealth of political leaders, and the difficulty of holding political leaders accountable including.

To understand the patterns of politics in a group, we build on understanding the behavior of individuals in the group.[1] Many of the modern explanations of the twists and turns that make up the purposive behavior of individuals are premised on a relatively intuitive idea: When people choose, their choices reflect their values and their constraints. Leverage over this behavior is often obtained through the logic of rational choice theory. It is perhaps counterintuitive that such a simple starting point can shine a powerful light on our understanding of the behaviors of governments, political organizations, and individuals. But the reader will discover it is so.

Indeed, the findings based on these theories are sufficiently broad to be of concern to many politically active citizens of the world. Although the main audience for this book is advanced undergraduates and graduate students of political science and political economy, hopefully the explanations are sufficiently clear to be of interest to the politically engaged citizen. Here I present the field's major substantive conclusions, with some of their important and controversial implications. I also touch

[1] This presumption is often called "methodological individualism."

upon some of the research frontiers and transmit a feel for the logic of the arguments. Since the theoretical arguments are often mathematical, and I do not wish the formalisms to get in the way of the substance, when they are needed, I put much of those (simplified) arguments in "sidebars" and present the arguments less technically in the main text.[2]

Not all of the foundations of this "new" political science are recent. Rational choice theory has been around for a long time (certainly since Adam Smith's eighteenth-century foray onto the philosophical stage). But until recently, mainly economists used the theory. Perhaps the nineteenth-century division of the social sciences into their modern Anglo-Saxon "departmental" identities led to this compartmentalization. Economists focused narrowly on markets, and political scientists on governments. Over the decades, the disciplines grew apart, but shortly before World War II economists arrived at theoretical conclusions that once again made the partial fusion of the fields somewhat possible.[3]

But the major expansion of the theory to cover political patterns grew out of the post-WWII effort of a few economists to cover nonmarket events. Their models ran into some difficulties and research to understand the problems helped spawn a new branch of inquiry: experimental economics. The rich crop we are currently reaping was sown by a few major characters, most of whom established a number of what are now standard subdisciplines within economics and the social sciences. The subfields include public finance (and the theory of public goods developed by Paul Samuelson, Economics Nobel laureate in 1970); game theory (begun by John von Neumann, but given a radical twist by John Nash, Economics Nobel laureate in 1994); experimental economics (begun by Vernon Smith, who was the Economics Laureate in 2002, and Charles Plott); social choice theory (invented almost whole cloth by Kenneth Arrow, who was the Economics Nobel laureate in 1972, and Duncan Black); and public choice theory (Mancur Olson, James Buchanan, who was the Economics Nobel laureate in 1986, Anthony Downs, and Gordon Tullock).

[2] In the Introduction I discuss why the justification of one's conclusions is important. This "method" of argument is one of the main elements in the powerful growth of claimed knowledge. How this "works" to expand knowledge is one of the main subjects of the Introduction.

[3] Some of the earliest modern forays into political studies were made by Smithies (1929) and Hotelling (1941). They noted that rational choice theory could explain aspects of political competition. They saw politicians as picking a point in political space to attract voters much as shop owners choose to place a store in a town to pick up customers. Then von Neumann (1944) developed a theory (of "games") to explain, among other things, coalition formation and strategic behavior – a topic of general concern to political scientists.

Their insights, founded on a view of choice based on selfish calculation, led to empirical anomalies. As such, researchers became concerned with how individuals' feelings toward others (loyalty, fairness, doing the right thing) might be balanced with economists' standard fare: the assumption of self-interest. Such an expansion meant that some of the conclusions needed to take into account what individuals thought to be fair, right, and just. Thus, some other major threads of the new political economy butt up against fields such as philosophy. There, theories of fairness and justice developed by John Rawls, Amartya Sen (Economics Nobel laureate in 1998), and others added immeasurably to the mix. Psychologists also got involved by considering how well rational choice theory fit into the observations they had made regarding personal choices. Notions both of bounded rationality developed by Herbert Simon (a political scientist and Economics Nobel laureate in 1978) and of prospect theory developed by Daniel Kahneman (Economics Nobel laureate, 2002) and his research partner, Amos Tversky (both psychologists) also added fundamentally to our understandings. Since many of the choices we make involve gambles and risk, we are enriched by the fundamental insights of those who worked on probability theory over the last few hundred years: individuals such as von Neumann and Thomas Bayes (the eighteenth-century English mathematician and Presbyterian minister).[4] Finally, political scientists have also worked on these threads to weave a wide tapestry covering parts of all the traditional subfields of political science (for examples, see Riker, 1962 and 1982; Boix, 2003; Fearon, 1995 and 1998; Tsebelis, 2002; Lohmann, 1994 and 2000; Weingast, 1997; Miller and Hammond, 1990; Ostrom (Economics Nobel laureate in 2009), 1990 and 1998; Shepsle and Bonchek, 1997 – many of whose contributions will be discussed in this volume).

These multiple strands lead to a completely new, theoretically coherent, empirically powerful approach to the analysis of political events. The analysis is of relevance to anyone trying to make sense of politics: journalists, campaign advisors and other political strategists, citizens, and academicians. With these theoretical developments political science has been set on a faster track: one in which the field is regularly finding new discoveries and generalities relevant to old puzzles.

[4] Bayes had the bright idea that people update their beliefs on the basis of evidence, and hence that the fit of one's beliefs with the "world" is likely to improve.

Overview of the Book

Claims of new knowledge (both empirical and moral) regarding politics have been made over the millennia. The new era finds not only that the pace has picked up, but also that the consensus on research methods has at least partially resolved some of the old contentious debates. Progress has been made by requiring both logical justification for one's theoretical conclusions or propositions, and careful testing of the conclusions with data from experiments and historical (or field) events and data.

The book is organized around the new conjectures and law-like propositions that have been made about politics and justified on the basis of the theories of rational choice and social justice. These assertions are collected together and tabulated in a table of propositions and corollaries. These propositions are of three sorts, and are differentiated by their type style in the text. All of them are offset in the text, with the major empirical claims in BOLD SMALL CAPS. Secondary implications or corollaries of these principles are distinguished by being shown in SMALL CAPS but not bold. The generalizations that are normative and concern traditional topics of political philosophy are distinguished by being shown in ***bold italics*** with the derivative claims being displayed in *italics* but not in bold.

Although I make an effort to distinguish between those claims that have a normative basis and those that are empirical, the membrane is not impermeable. Some of the universal claims that may appear to be normative have to do with conjectures of universal *empirical* characteristics of moral judgments. Such claims, though, with moral implications, are *not* listed as normative conjectures. So to cite an example, let us say that we are considering a definition of fairness and someone says, "to understand what is fair, you must reason impartially." That is a normative claim (there can be other

suggested bases for arriving at a fair choice). But if, when reasoning impartially, all individuals come to a particular conclusion, that conclusion is not normative. It would, however, reflect conditional normative weight from the asserted relation of fairness and impartial reasoning.

The book is divided into four parts and a substantive Introduction. Although experimental findings are discussed somewhat throughout, in a few chapters a separate section discusses evidence and questions that have been raised about the central propositions in the chapter and identifies some of the research frontiers that these imply. These sections are referred to as Research Frontiers. Suggestions for further reading are included at the end of each part.

So that the reader can understand the basis for the assertions, both evidence and reasoning are discussed. More technical aspects of how the claims are justified is usually limited but sometimes sketched in sidebars. Although I discuss the quality of the justifications and claims, the reader should keep in mind (with due deference to Descartes) that reason is insufficient grounds for the establishment or, except by contradiction, the disestablishment, of claims of knowledge. Although our understanding of how to judge theories, conjectures, and knowledge is still incomplete, we humans have learned a great deal about how best to establish, and falsify, claims of knowledge.

Even if they remain incomplete, current standards of epistemology help us understand what are to count as claims of knowledge and as candidates for universal principles. These standards also yield guidelines for empirical methods, which, in conjunction with reason, are required to establish our understanding of scientific principles, whether of motion, energy, mass, economics, or politics. Scientific methods have also been useful in improving our understanding of a very wide range of human behavior and institutions: markets, altruism, other-regardingness, distributive justice, moral points of view, and the like. These methods can thus help us understand what if anything is universal in the way of behavior and principles. The reader will find the volume is oriented around the following questions: What practical questions can we now find answers for? How do we justify our conclusions?

The Introduction has two goals, both of which are fundamental: First, it establishes a common understanding for readers as to what is meant by knowledge and similar methodological matters; and second, it sets up the basic elements of the theory of rational choice. The volume then is organized in terms of the substance of politics. The book is meant to be a complete guide to neither the understanding of rational choice theory nor to politics. Rather, I introduce elements of the theory of rational choice as needed to explain major findings of regularities in politics.

Part I considers how the individual decides whether or not to engage in collective action and the implications of these findings. The implications of the theory of collective action will branch off into topics such as voter behavior and information acquisition by the citizenry of democracies, as well as some policy and institutional design issues.

But collective action is often premised on the collective, or group, coming to a decision or choice for itself. Group decision making becomes the subject of Part II and is again central to Part IV. In Part II we pick up the notion, introduced by Hotelling and Smithies (see footnote 3 of the Preface) that in democracies much political decision making is determined by political competition. We use their insights to think of the arena of political competition as a "space." So doing helps us form expectations about collective choice. Some of these implications inform us regarding institutional design. Others force us to consider problems of achieving the goals of collective choice. Presumably the goals of politics (if not politicians) include something like the satisfying of citizens' needs. The implications of spatial models for these questions are the topic of Part II. But the topic is larger than spatial models can accommodate and are raised again in Part IV of the volume.

How politics and the structures of governments both help and hinder us in the achievement of getting what we want is much of what we consider in Part III. There we consider why political "deals" and "bargains" often take the form they do and how these can predictably affect the stability of governments, political systems, and regimes.

All this analysis is related to satisfying the collective desires of citizens. It is one thing to talk of the needs of individuals, but how are we to understand collective needs and desires? We explore these questions in Part IV. Only after coming to grips with the problem of aggregating individual choices and needs can we fully explore the relation between institutional design and the possibility of satisfying those needs. Once we are in the throes of such questions as "what constitutes the needs of the people," we must consider the problem of social welfare more fully. Here we examine the more general topic of social choice and its relationship to social welfare.

Such concerns regarding what we want from government place us in the discourse of political philosophy. They require us to examine the substantive notions behind social welfare. Are there general goals of democracies? And if there are, how can specific institutional arrangements affect the achievement of social goals? These are the sorts of problems we approach with some of the major implications of the theory for democratic governance. The perspective allows us to consider whether different democratic structures generate differences in the quality of performance of democratic regimes.